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DIVISION OF CREDIT UNIONS
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January 27, 2015

Iowa Division of Credit Unions presentation for
Joint Administration and Regulation Appropriations Subcommittee

Background

The Iowa Division of Credit Unions supervises and regulates the 106 state chartered credit unions in Iowa. Credit Unions are not-for-profit financial institutions. Our mission is to safeguard the interests of credit union members through effective administration and execution of the laws relating to credit unions.

The Iowa state chartered credit unions have over one million members and over \$12.3 billion in assets.

In response to the questions submitted by the committee for today's meeting

Program performance:

We submit an annual Performance Report pursuant to Iowa Code §8E.210 and a Strategic Plan, pursuant to Iowa Code §8E.206 to the state which are published on the State's data-share website and available to the public at <http://iowa.data.gov>. These reports contain information pertaining to our agency goals and measures. We also submit an annual report of the superintendent reporting on the state of the Iowa credit unions in accordance with Iowa Code §533.114, which is filed through the LSA portal with the General Assembly.

The Division's core functions are regulation and compliance, and resource management.

Iowa Code provides that examinations will be made whenever necessary or advisable, but in no event less frequently than once during each twenty-four month period. Our target is to perform 80 examinations annually. We are exceeding that target, with almost all credit unions being examined within a 12 to 14 month cycle. We examine by schedule and also perform unannounced examinations. Approximately 40 per cent of our exams are conducted jointly with the federal insurer, the National Credit Union Administration.

Our performance target is to have 100% of Iowa credit unions performing in a safe and sound manner. We achieve our results by working to identify, measure, monitor, and control

unacceptable levels of risk through a risk-focused supervision and examination program. At this time, we do not have any credit unions considered to be in troubled condition.

Resource management includes accounting, budgeting, human resources, rules and regulation, consumer complaint response, and information technology function.

Iowa credit unions fully fund the cost of operating the Division, including annual audits, through fees paid in August and December of each year which are deposited in the Commerce Department Revolving Fund. We get no funding from the General Fund.

Program Efficiency

Through our membership in the National Association of State Credit Union Supervisors, the Division maintains a comparative record of other states' information regarding credit union statistics, agency budget and fee information, supervision and examination authority, agency personnel, and statutory powers.

While each state has individual budget parameters and resources, and it is therefore difficult to compare our program directly, we look to see how other states are effectively managing their agency personnel, examiner training requirements and education, and regulatory authority.

Through reorganization and downsizing of our office personnel and consolidation of our information technology we have been able to manage our resources effectively and work within a status quo budget for the last several years. We currently have three office personnel and nine field examiners. We hope to hire this week to fill a recent examiner vacancy. Our submitted budget request for a \$75,000 increase this year is to fund the salary and benefits, as calculated by the Department of Management, for the one remaining examiner position.

Employee salaries and benefits account for approximately 90 per cent of our annual budget. While we have been able to negotiate some fee reductions, the majority of our fees, including rent, national association dues, DAS billings and Auditor expenses have continued to rise. We are extremely lean and diligent about exercising any cost-cutting measures, while assuring we have the resources to adequately monitor for the safety and soundness of the credit unions under our supervision.

The Division has not submitted any proposed legislation for this Session. We are discussing whether we should move to a quarterly fee assessment, rather than twice a year as we do now, for reporting purposes to the Commerce Revolving Fund.

Program Duplication

We have eliminated duplication within our agency by moving our IT services to DAS. We have not identified any duplication of services with any other agency.